



Meeting Summary

Virginia Housing Commission

April 14, 2021, at 10:00 a.m..

The Capitol, Remote Meeting

<http://dls.virginia.gov/commissions/vhc.htm>

The Virginia Housing Commission (the Commission) met in Richmond with Senator Mamie Locke, chair, presiding.¹ The meeting began with introductions and opening remarks followed by presentations and discussion. Materials presented at the meeting are accessible through the [*Commission's meetings webpage*](#).

Presentation: Housing Challenges and Opportunities in the Post-Covid Environment

Dr. Jenny Schuetz

Senior Fellow, Brookings Institute

Dr. Schuetz summarized housing challenges including housing affordability, climate exposure, location. She opined that post-Covid economic recovery will be a K-shaped, meaning certain industries will pull out of this recession where as others will stagnate, and there will be divisions along class, racial and geographic lines. She said it is undetermined if there will be a demand to live in cities, and, how this will affect suburbs and rural areas. Federal, state and local policy as well as funding from the federal government will affect housing issues.

Nationally, nine million renters are currently behind on rent payments. The average rental household is \$5,5400 in debt. These households will be carrying this debt forward even as reemployment commences. She noted that there is an unusual trend in the vacancy rate for high end rentals causing those rental costs to decline. Conversely, the costs for lower-end rentals are increasing. Dr. Schuetz suggested that this is the result of landlords attempting to cover the costs of those households not paying their rent.

Post-Covid recovery will pose several questions that will impact the housing market. Will work from home continue? What will be the housing implications for return to work? Will people continue to want urban core housing or will households opt to live in suburbs and rural areas?

Dr. Schuetz suggested that one way to improve the housing situation in the Commonwealth is for governing bodies to make more active land use decisions. For example, Arlington County and Falls Church are conducting studies to better understand land use in their localities. Other states are implementing commuter rail--apartments as a matter of right and recognizing the need for housing near transit centers. A housing voucher system would assure housing affordability. She also recommended eliminating zoning barriers, which may come as federal support to build more moderate housing. She told the Commission that governments may need to think about more diverse housing in communities.

¹ **Members Present:** All members were present.

Presentation: The Real Estate Market in Virginia

Lisa Sturtevant

Chief Economist, Virginia Association of Realtors

Ms. Sturtevant concentrated her presentation on the for-sale side of the residential home market, looking at how Covid has changed the market for homeownership. She focused on Virginia but used national statistics to frame Virginia's market.

Ms. Sturtevant remarked that the for-sale side of the market has been resilient. One reason is that many federal and professional jobs have continued without interruption as employees have continued to work from home, often saving money with reduced childcare and commuting costs.

The current low housing inventory is across price points and rent points, and there are few active listings. The constraints on the market mean there are one-half the number of homes on the market as a year ago and one-third the number as five years ago. There is a need for 2,900 new permits for new homes to ramp-up new construction to meet demand as buyers are locked out of homeownership due to limited inventory.

Ms. Sturtevant stated that there is only a 1.3 months' supply of housing available in Virginia. The average price point is \$335,000, the same price as the national average. This is an appreciation of 9.8% since the pandemic. It is anticipated there will be a slowdown in 2021, and this may be a reset to normal market conditions.

Homebuyers are currently making several concessions concerning many items, such as paying over list-price statewide, waiving home inspections, waiving appraisals, and making cash offers. Those buyers with better financial situations often leave first-time home buyers out of the market.

While low interest rates fueled residential housing activity, disparities in housing equity exist. For example, Virginia's black/white homeownership gap has widened; black buyers are more likely to be rejected for mortgage loans even after accounting for income. One study found their appraisals were lower than others for the same residential property.

Presentation: Legislative History of the Residential Property Disclosure Act

Chip Dicks, Virginia

Virginia Association of Realtors

Mr. Dicks presented an overview and history of The Virginia Real Estate Disclosure Act.

A "Red Flag" list of items that was created in 2007 to inform the buyer of potential issues the buyer should be alerted exist. There are currently 17 disclosures, and the buyer is notified that there is an online document for the seller to check. A few mandatory disclosures exist. A seller cannot intentionally conceal certain items or the buyer can rescind the contract. Disclosure statements now encompass a thick document that makes it less likely a buyer will actually read the disclosures.

He commented that a survey of all states policies was conducted and it was determined that seven states, including Virginia, use buyer beware provisions. Several states use a hybrid model. There is no existing model that Virginia might wish to emulate, but Mr. Dicks suggested that a better policy is needed. He suggested that perhaps proposed disclosures should be referred to the Virginia Housing Commission, and the Commission could determine if the disclosure is one that effects residential real estate statewide or is regional in nature.



Another option would be to have a statewide list of disclosures, and a secondary list applicable only to certain areas. Finally, disclosures could be written in plain language and attached to the sale document. All suggestions facilitated discussion among the Commission members and a commitment to convene a special workgroup to resolve the conflicts in disclosure/disclaimer provisions.

Work Plan

Elizabeth Palen, Director, Virginia Housing Commission

Ms. Palen said the Commission would study the effects of landlord /tenant law and continue discussions on eviction. Other topics for study include the rise in homelessness due to the pandemic; and building very low income housing next to rail/metro stations, including in older, inner-ring suburbs. The Commission will review land banks in Virginia and determine if changes are warranted. A special workgroup will be convened to work on disclosure and disclaimers.

Next Meeting

There will be three additional full Commission meetings and work group meetings will be scheduled as needed throughout the interim. The next full Commission meeting will be held July 27 at 10:00 a.m.

For more information, see the [Commission's website](#) or contact Division of Legislative Services staff.

